AZURE ENVIRONMENTAL

May 30, 2006

Susan Erikson, M.S.
County of Sacramento -
Environmental Management Department
8475 Jackson Road, Suite 230
Sacramento, California 95826-3904

RE: Well Destruction Report
Tesoro Site #67090 (former Beacon #685), LRP Site No. 0468
9301 Greenback Lane, Orangevale, California

Dear Ms. Erikson:

This letter is submitted to document monitoring well destruction activities performed at the former Beacon Station No. 685, Tesoro Site #67090 at 9301 Greenback Lane in Orangevale, California (Figure 1). This letter was prepared on behalf of Tesoro Environmental Resource Company ("Tesoro") in response to the SCEMD letter to Tesoro and others dated January 10, 2006. Monitoring wells MW-1 through MW-10, and VEW-1 through VEW-3 were decommissioned in accordance with the SCEMD and State well standards under SCEMD well destruction permits #28354 through #28366 dated March 1, 2006. Well Destruction Completion Reports were submitted to the California Department of Water Resources (DWR) on May 25, 2006. Electronic copies of the DWR reports were emailed to you and to Susan Williams of SCEMD on May 26, 2006.

WELL DESTRUCTION SUMMARY

Well destruction activities were conducted on March 3, 6 and 7, and April 17, 2006 by Gregg Drilling, Inc., a C-57 licensed drilling contractor. An inspector from SCEMD was notified in advance and present on site for each day of well destruction work. Each well was sounded prior to well destruction to confirm the total depth of the well and to check for any downhole obstructions.

Wells VEW-1, VEW-2 and VEW-3 were destroyed using 10-inch diameter hollow stem auger drilling equipment to the total depth of each well (i.e., 45 feet below grade). Following removal of all well materials, casing and well surface enclosures by drill out, each well bore was backfilled with 94-pound sack neat cement grout through the augers to approximately 5-feet below the level of ground surface. The interval from approximately 1- to 5-feet below grade was backfilled with clean soil and/or imported backfill materials. The ground surface at each well location was restored to match the existing surface grade using concrete materials.

Wells MW-1 through MW-10 were destroyed by pressure grout installed through tremie pipe lowered to the total depth of each well. Prior to pressure grouting, each well was drilled out to a depth of 5-feet below grade using 10-inch diameter hollow stem auger drilling equipment. The

top five feet of well MW-4 was removed by hand digging to avoid using auger drilling equipment within approximately 2-feet from an underground utility line. After completion of pressure grouting, an approximate 1-foot cap of cement grout was poured on top of the cut well casing and the cement grout materials were allowed to set up in each well prior to backfilling the depth interval from approximately 1- to 4-feet below grade with compacted clean soil backfill materials. The ground surface at each well location was restored to match the existing surface grade using concrete materials.

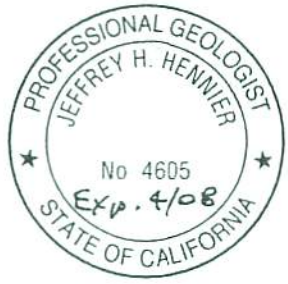
Well destruction waste materials generated by drilling out the wells was securely contained and temporarily stored on-site in 55-gallon drums. The drums containing drilling waste materials were removed from the Site by Clearwater Environmental Management, Inc. on March 30, 2006 and transported for disposal to Alviso Independent Oil recycling facility in Alviso, CA.

WELL UTILITY VAULT REMOVAL

Well utility vaults at former extraction wells MW-2, MW-3 and VEW-3 were removed per the request of SCEMD as part of well destruction activities. The vaults consisted of metal lid, open bottom, concrete-lined enclosures that were approximately 2-feet long by 1.5-feet wide by approximately 2-feet deep. The vaults were removed by concrete saw cutting an area approximately 6-inches larger than the metal ring at the top of the vault, then breaking apart and removing all pieces of the vault from the vault pit. The depth interval from the base of the vault pit to approximately 1-foot below surface grade was then backfilled with clean imported soil backfill materials. The ground surface at each vault location was restored to match the existing surface grade using concrete materials supported by gravel base rock and metal rebar.

Please feel free to call me at (415) 460-1561 should you have any questions regarding this report.

Sincerely,



Jeff Hennier, P.G., C.HG.
Principal Hydrogeologist

cc: Jeff Baker, Tesoro Environmental Resource Company
Chuck Miller, USA Petroleum
Brian Kelleher, Kelleher & Associates
Tejpal Mehroke, Greenback Valero
Stickler Vance Partnership

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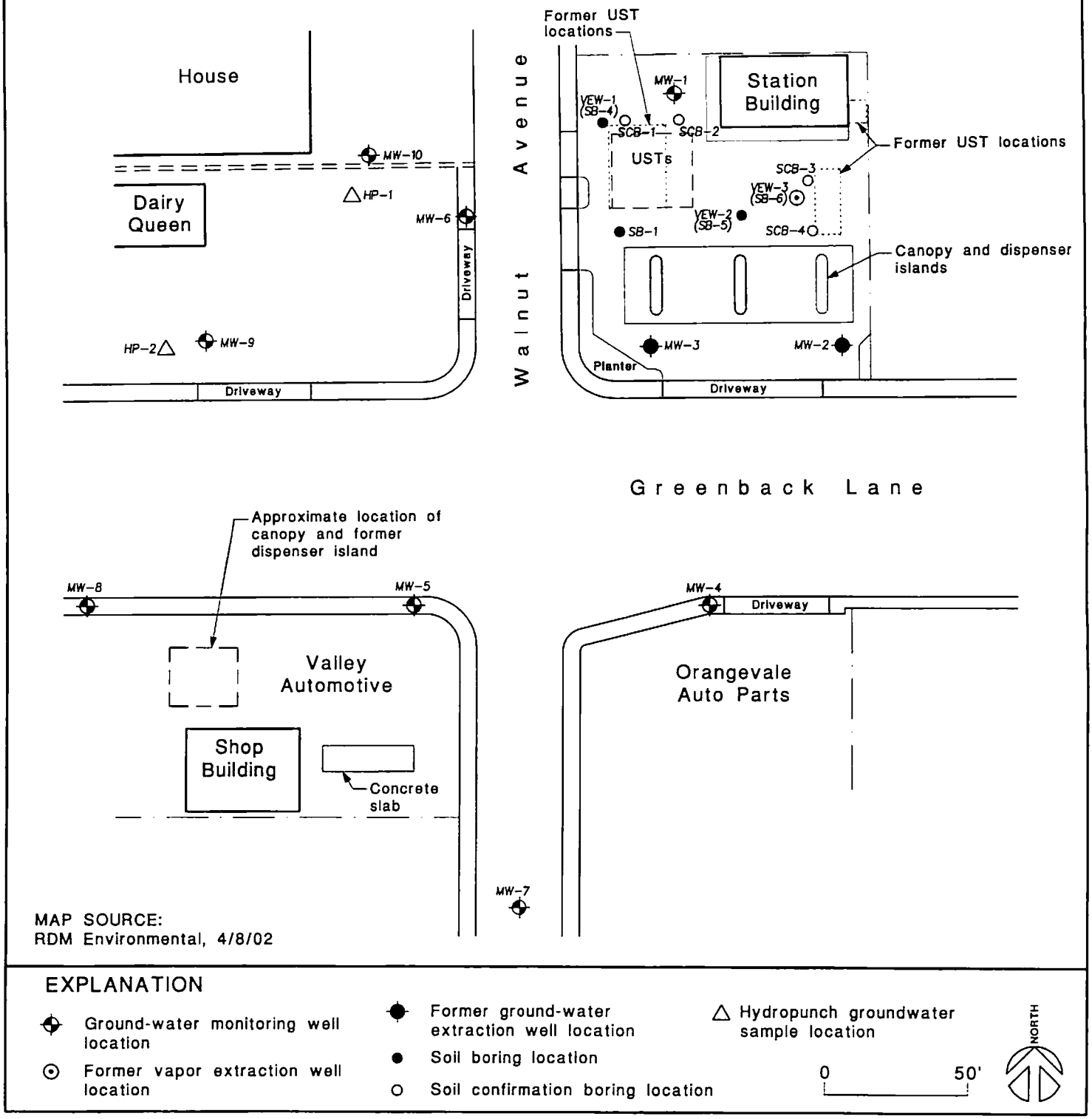

Figure 1: Site Map

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